

TESTIMONY OF KENT KAHN

on behalf of

EXPERIENCE WORKS

before the

SENATE HEALTH, EDUCATION, LABOR AND PENSIONS COMMITTEE
SUBCOMMITTEE RETIREMENT SECURITY AND AGING

regarding

REAUTHORIZATION OF TITLE V OF THE OLDER AMERICANS ACT

presented on

March 28, 2006

Senators DeWine and Mikulski, thank you for the opportunity to testify. On behalf of Experience Works, Inc. I must get right to the point. We need your help and the help of your colleagues to reauthorize, improve, and increase the SCSEP as a part of the Older Americans Act. This is a great program that helps thousands of poor older Americans. Thoroughly explained and understood I have honestly never heard anyone criticize the intent of the SCSEP. A success story is, 61-year Coshocton, Ohio participant Karen Shample who designs and updates web pages for the county One-Stop. Shample says if Experience Works had not placed her at the Coshocton County One Stop she would have never learned how to design web pages, write a newsletter or use Microsoft Excel.

Experience Works

Now in our 40th year, Experience Works helps seniors get the training they need to find good jobs in their local community. Originally named Green Thumb, and chartered in 1965 as a small, rural demonstration program, Experience Works operated the first older worker program. In 1965, the Nelson Amendment to the Economic Opportunity Act, funded the "green thumb" project and ten days later, Green Thumb, Inc. (now Experience Works) was launched as the first nonprofit organization created to run a jobs program for disadvantaged rural Americans. The following spring, crews of 280 participant farmers went to work on beautification projects in Arkansas, New Jersey, Oregon, and Minnesota. That initial project in four states soon evolved into the Senior Community Service Employment Program (SCSEP). The small demonstration program that initially launched Green Thumb in 1965 is now a major federal

workforce initiative success story. We remain strongly committed to services to rural America and to the mission of the SCSEP, it is the only thing we do.

Competition Is An Immediate Concern

I am here today to talk about the reauthorization of the Older Americans Act however, there is a more immediate concern I want to talk about first and that is the Department of Labor's competition of the SCSEP. The proposal (published March 2, 2006; 71 Fed. Reg. 10798-10820) will disrupt services to thousands of the current participants, diminish services, and weaken program effectiveness in rural counties. The programmatic confusion that will result from this nationwide turnover of participant positions, especially with new inexperienced sponsors, will increase substantially for at least the first six months after the competition as old and new sponsors grapple with the immense administrative requirements at the expense of working with the participants who need help. The transition after the 2003 competition resulted in fewer people served, fewer people placed in jobs and higher participant unit costs for at least the first year after the competition. The proposed re-competition will result in decreased participation in the program by poor older individuals and slow movement of many of the 47,000 program participants into unsubsidized employment as both old and new sponsors deal with the additional workload required to implement this massive movement of participants from sponsor to sponsor nationwide. If experience proves true from the first competition, as many as 16,000 seniors that would otherwise be served by the SCSEP will be turned away because of the inability to move current participants into jobs.

A major concern of ours is that the proposal will be bad for rural counties because grantees are required to bid on at least 224 positions or 10% of the positions in the state, whichever is higher. This means that grantees that have operated in urban areas will now have to operate the program in surrounding counties that will most likely be rural. Such grantees typically do not have a rural service delivery system; it is difficult to operate in rural counties and the cost is much higher. Services to older workers in rural counties, if provided at all, will suffer.

The proposed transition timeframe requirements are illogical and will impose unreasonable cost burdens on the grantees. The Department unofficially estimates that 30,000 of the 47,000 positions nationwide will be re-allocated from one grantee to another or given to brand new sponsors with little or no direct experience operating this program. In less than 30 days from grant notification to the start of the new grant period on July 1, 2006, all selected sponsors—old and new--will have to meet with every participant to collect required program data as well as payroll information. Each host agency where participants are assigned will also have to be met with to negotiate a new agreement. And most importantly, is the payroll information required from each participant before they can be paid by the new grantee at the end of the first payroll in the new grant year. Experience Works' first pay period end date is July 8, 2006, only an eight-day turn around time. These low-income older workers won't receive a paycheck if payroll information is not collected in time. Beside the disruption for the participants and host agencies, the proposed competition will result in substantial

transition costs to grantees that will not be reimbursed and that could otherwise be used to pay for services that directly benefit the older workers. Based on the actual cost of transition in the 2003 competition, we project that in total, existing sponsors alone will spend over \$10 million during this transition to displace old staff, hire and train new staff, terminate existing office leases, find new offices and execute the leases, ship furniture, purchase computers and other necessary close down and start up expenditures. This does not include the “ramp up” costs for new sponsors.

We suggest that the Department of Labor withdraw the SGA, extend the current grants for one year and be prepared to release the SGA for the next year in a more timely manner so grantee selections are announced early enough to allow for a smooth transition.

SCSEP Reauthorization

Now regarding the SCSEP and reauthorization, I can truly tell you the people who operate this program do it to improve the lives of older workers. How hard they work is evidence of their compassion and commitment. I know the staff would love for each and every participant we serve to find employment, but that is not always possible. However, the current dual purpose of the SCSEP gives many who have limited skills and live in small rural communities with very limited employment opportunities a great alternative, community service.

During reauthorization, we ask that Congress adhere to four principles.

1. Support best practice and avoid disruption in the program by continuing to fund both national and state territorial grants to operate the SCSEP

The thirteen national grantees (selected by USDOL through a national competition in 2003) add significant value to the total SCSEP program and delivery system. These national nonprofit organizations strengthen SCSEP at the state and local level by sharing best practices on serving hard-to-reach rural and urban communities, including minority and immigrant groups; collaborating with WIA One Stops, area agencies on aging, and leveraging local resources to support SCSEP. They develop and replicate successful program models by partnering with national-level corporations, employer associations, social service agencies, and other providers. National SCSEP grantees represent unmatched expertise and experience that would be difficult to replace.

2. Target services to older persons with the greatest economic and social need – including those from minority, rural, and urban hard-to-serve communities---by maintaining the current age requirements.

SCSEP serves over 100,000 persons 55 and over each year, over twice as many as those served by WIA. Further, SCSEP serves a more needy population: over 70% of all SCSEP participants are women; over 80% are 60 and older; over 80% are at or below poverty, about one-third have less than a high school education; and over 40% are from a minority group. In contrast, WIA nationally serves less than 4,000 persons 65 and over of any income and education level

(likely due to performance disincentives currently built into WIA, according to GAO Report 03-350). In PY2004, national and state/territorial SCSEP grantees achieved ACSI customer satisfaction scores that were “substantially higher” than scores for WIA, and better than most organizations in the private sector.

In the heart of Appalachia, 59-year-old Experience Works participant Cheryl Crooks lives in Woodsfield, Ohio in Monroe County with an unemployment rate approaching 16%. Ormet Corporation, a steel manufacturing plant, closed recently, resulting in the loss of more jobs for many of the local residents. Without transportation and having to compete against workers with more skills and experience for jobs in the small village, Crooks is relieved she can earn some income with her assignment at the Monroe Tri County Help Center. She is able to walk to her host agency where she is training in a clerical position learning new computer skills.

Priority for SCSEP eligibility is now for older workers 60 years of age and older. Once these older workers reach 62, at the very least, most of them have the safety net of some Social Security; even if is a small amount. At least it is some income. The SCSEP should continue to serve individuals 55 years of age and older. Individuals 55 to 61 are often much worse off because they do not get Social Security. They need the assistance from SCSEP. They don't want to settle for a job at minimum wage. They still want to earn a respectable wage and need health care benefits, vacation time, sick leave and hopefully a retirement plan. Many times they are more desperate than older individuals. Since SCSEP grantees are partners with the WIBS, older workers who go to the one-stops for

services are referred to SCSEP because grantees have the skills and knowledge of working successfully with older workers. And there are possible funding cuts in the WIA adult and dislocated workers programs and, at least in Ohio, many WIBs are going to be using 10% of their funding for incumbent worker training. So there may be limited WIA funds for training older workers.

3 Maintain and enhance the community service employment aspect of the program in addition to promoting economic self-sufficiency among participating seniors.

In the small town of Antwerp, Ohio, in rural Paulding County, in northwest Ohio, 77-year-old Eleanor Perriello walks to her assignment each day at the Antwerp elementary school. She spends her time helping kindergarten students. With deteriorating health, lack of transportation and limited employment opportunities her community service assignment allows her to lead a productive life without being dependent on her children or others. It provides her with dignity, builds her self-esteem and allows her to continue as a contributing member of society. And, In the upper shore of Maryland in Cecil County, 65-year-old Leon Flynn, with failing eyesight and no transportation, cannot get to an area where there are jobs he can do. He could not find employment in the small rural town of Elkton, Maryland. He draws less than \$600 a month in social security. So his SCSEP assignment in maintenance at Elkton Housing is giving him an opportunity to learn new skills, provide services that might otherwise not get done and to supplement his income.

SCSEP does more than help older job seekers find employment—it directly supports the day-to-day operation of thousands of community and faith-based organizations and public agencies. According to USDOL, 70% of these agencies reported that they would not have been able to provide the same level of services without SCSEP. Last year alone, SCSEP participants provided these agencies close to 46 million hours of paid community service.

Community service helps participants productively transition to employment in a way that preserves their dignity and self-worth. Each community service assignment provides opportunities to learn, earn, and serve others. Community service assignments result in productive involvement for low-income individuals who are not looking for a “hand-out” but a “hand up” within their own communities. The service-learning model is uniquely suited to older learners who can marry their lifetime of experience with the new skills they need to be competitive in the workplace of the future. Unlike persons out of the workforce who are searching for jobs who lose confidence during a job search, participants performing community service have a support system that boosts them up and coaches them toward success. There is no substitute for many services that local community service agencies provide to the program. And, likewise, there is no substitute for the many services SCSEP participants provide to all segments of their communities through working in and learning from social service agencies. The program also addresses barriers that community service agencies have in recruiting volunteers the agency needs to continue to provide quality services. As previously discussed at the Subcommittee’s Roundtable held earlier

this year increased concern was expressed about the ability to deliver services funded through other OAA programs to older Americans. The SCSEP is a perfect resource for the aging network and many participants are already assigned to local aging services. The SCSEP provides a win-win outcome for both the participant and the agency. Policy makers need to take a strong look at the rich history of the SCSEP and continue to support an infrastructure that supports the civic engagement and social capital aspects of this program. Also, there continues to be a need for older workers to have access to employment services that place an emphasis on part-time, paid work to maintain their self-sufficiency. The public feels good about a program that is not an entitlement program – but rather a program where people are not only working for what they get, but they are providing locally needed assistance that taxpayers can see for themselves. They feel good about knowing people “like their grandmother or grandfather” are contributing to their communities feel useful and have a reason for living. And, particularly in rural remote localities, these individuals help the communities stay alive.

4. Maximize expenditures on participant wages and benefits and minimize administrative costs by retaining current policy on program budgets.

Grantees have operated an efficient and effective program with administrative costs capped at 15%(most are 13.5% or less). Experience Works is around 8%. Requiring that 75% of all SCSEP funds be spent on participant wages and benefits has not deterred grantees from achieving all legislated SCSEP goals,

including preparing SCSEP participants for unsubsidized jobs and providing community services in demand. To increase intensive training opportunities for SCSEP participants, the Department should consider revising the 502(e) program to compliment the mainstream SCSEP objectives to place participants in well paying jobs. Also, the Department should address existing disincentives in WIA that dissuade one-stops from providing intensive services to workers seeking part-time employment, which include many SCSEP participants and other older workers.

Additional Recommendations

Competition should only be conducted when grantees do not meet performance measures.

Experience Works concurs with Congress's intent in the last reauthorization that competition should be conducted only when grantees do not meet performance goals. Competing every three years as proposed by the DOL will be very disruptive to local service delivery and participants. Based on experience from the last competition, the transition of thousands of participants was very traumatic for those individuals and the community organizations where they were assigned. Why compete when a grantee is performing? Performance and the services to participants are impaired significantly after competition. Operational territories change which results in losing the network of partners that help provide supportive services, counseling, training, and jobs to participants. And, grantees will always be challenged to be able to hire and maintain qualified staff if staffs jobs are in jeopardy every three years.

Streamline Data Collection Requirements

The SCSEP data collection system, which has not yet been finalized, currently requires collecting data not directly related to either program performance or common measures. It is recommended that SCSEP grantees help modify the system that supports a broad range of users, including agencies with limited staff and limited capacity in information technology.

Equitable Distribution of SCSEP Positions

SCSEP funding should continue to be distributed by county based on equity share. Eliminating the equitable distribution of positions, which appears to be the DOL's proposal since no slots were listed in the president's 2007 budget, would be detrimental to both needy seniors and thousands of local social service agencies. If funds are not distributed by equitable distribution, services will disappear in rural counties since it is easier to provide those services and achieve goals in more populated communities. National grantees have worked with states to promote continuous improvement in the current distribution of positions. Collaboration has led to significantly improved equitable distribution of positions in every state. The equitable distribution of SCSEP positions ensures enrollment of nearly 100,000 participants each year and also guarantees equitable access to services for participants as well as local organizations such as Meals on Wheels, caregiver networks, etc.

Minimize Disruption

All grantees seek to minimize potential disruption to the program participants through this reauthorization. The combined impact of a delayed

issuance of the Final Rules for SCSEP until 2004, the PY2003 SCSEP national grant competition, and the extended process to develop a new SCSEP data collection system (which is not yet completed) has resulted in constant change which ultimately effects service delivery to the participants, business partners, and local community based organizations and program outcomes.

Other Suggestions and Concerns

Operating the SCSEP is now much more difficult. To use an analogy, the regulations lengthened the court by 50 feet, raised the baskets ten feet and we're not even allowed to dribble the ball. In the N-C-A-A basketball tournament that would create some real "March Madness!" It's done the same with us. These new regulations are making it more difficult to improve the lives of older workers who want help.

Due to the change in eligibility guidelines many of the participants now being enrolled need long term extensive training and support. Therefore, there should be no time limitations for participant enrollment. In fact, many participants will be unable to find jobs off the SCSEP.

When determining an applicant's eligibility we must now include income that was previously excluded. In addition, if an older worker is underemployed, but has an income below 125% of the poverty level, they are now not eligible for the SCSEP. Earlier this grant year, I received a call from an older worker who lived on her own. Her only income was working 9 hours a week at a Laundromat earning six dollars an hour. I had to tell this woman she was not eligible for the SCSEP therefore, we would not be able to provide her with the job skill training

she desperately need to get a better job. Is that what we really want? This woman needed SCSEP assistance. She could have learned new skills to get a job with a livable wage and benefits instead of living in poverty and possibly having to access government handout programs.

Older workers who live in subsidized housing face an additional barrier to employment off the program. Their SCSEP wages do not count against their rent. However, they often refuse to take a job off the SCSEP because while that new private sector job may be paying them an additional \$200 a month more their rent will go up \$400 a month. I know I wouldn't take a job if my expenses were going up significantly more than my income. The "catch 22" is the danger in SCSEP wages counting against their subsidized housing because those older workers would then not be interested in coming on the SCSEP. We must come up with an equitable solution that will allow participants to take jobs off the SCSEP and not result in their housing cost going up incrementally.

Sufficient funds should be provided to respond to the projected increase in SCSEP-eligible persons. The Census Bureau projects an increase in the number of older persons who will be eligible for SCSEP over the next decade. The Department should support an increase in total SCSEP appropriations in order to respond to the growing numbers of the older poor and increase the SCSEP unit cost taking into consideration the growing number of states that have a higher state minimum wage than the federal minimum wage.

SCSEP Community Service Supports Disaster Relief

SCSEP is a vital and consistent link in the disaster relief efforts – This year with Katrina and Rita – and last year in Florida and in previous years throughout the country. Participants still perform community service after all the volunteers go back to their regular lives. SCSEP participants are currently aiding in relief efforts in the Gulf Coast by providing a consistent presence, performing essential functions that volunteers can't duplicate because of their transient presence. Participants are performing duties with the Red Cross like answering phones and ensuring follow-through, directing people who come to community action agencies to appropriate programs and providing information and referral, and at Workforce Investment Act one-stop centers helping them access employment services and other assistance. The SCSEP is a one-of-a-kind program that serves low income, low-skilled older workers. No other government program is currently meeting this need while also providing efficient and effective community services.

I urge you and the DOL to work with SCSEP grantees who understand the challenges of the day to day operations and working with the population served by the SCSEP to improve and streamline the SCSEP. We need to develop a world-class older worker program that gives grantees the flexibility to meet the needs of older workers. It needs to be user friendly in order meet the needs of aging baby boomers, the aging community, other public and private non-profits and private employers.

Together we can create that world-class older worker-training program. Community service agencies can then expand their services, many more disadvantaged older workers with multiple barriers will have the ability to gain the job skills to increase their income and become self sufficient and business and industry will benefit. Senators, ability is truly ageless. Thank you.